

New Law makes various changes relative to the Harbor Police Retirement System (HPRS) for the Port of New Orleans.

Education Requirements for Boards of Trustees (R.S. 11:185)

Existing law requires the members of boards of trustees of state and statewide retirement systems to receive a certain number of hours of education every year.

New law provides that such education requirements shall apply to members of the HPRS board.

Tax Qualification (R.S. 11:3685.1 and 3685.2)

New law makes changes to certain provisions relating to HPRS in conformity with provisions of the Internal Revenue Code relative to tax-qualified plans.

New law further provides that the HPRS board shall promulgate rules for administering certain tax qualification provisions in existing law and new law.

Administration of HPRS (R.S. 11:3688)

Existing law provides generally for an HPRS board of trustees. Provides that the board shall be responsible for the operation of HPRS and may employ or appoint certain professionals to carry out such responsibility.

New law provides that all service providers for HPRS including CPAs, actuaries, attorneys, investment advisors, and plan administrators shall be chosen jointly by the board of trustees and the Board of Commissioners of the Port of New Orleans.

New law removes references to a medical board responsible for certifying disability applications and instead allows the board of trustees to hire a firm to provide medical advice to the board of trustees.

Method of Financing (Employee and Employer Contributions, etc.) (R.S. 11:3690)

Prior law provided that the employee contribution for members of HPRS was 7% of compensation. New law changes the employee contribution to 9% of compensation.

Existing law provides for calculations of normal cost and accrued liability for the purposes of determining the employer contribution rate. New law makes various technical and administrative changes in making such calculations.

Prior law set a cap on the employer contribution at 13% of payroll. New law changes the employer cap to 20% of payroll.

Errors and Omissions (R.S. 11:3696)

New law provides that if any calculation error was made which resulted in a member or beneficiary receiving the incorrect benefit amount the HPRS board shall correct such mistake in a manner that is actuarially equivalent to the benefit that should have been received. Further provides that the corrected benefit shall be paid prospectively. Further provides that the collection of overpayments or underpayments may be waived by the system if:

- (1) It is deemed not to be cost effective to the system to locate a beneficiary or the estate of a member; or
- (2) It is deemed by the board to be a hardship on the member or beneficiary.

Benefit Changes and Errors (R.S. 11:3697 and 3698)

New law provides that statutory benefit changes shall be prospective only, unless otherwise specified by the legislation enacting the changes.

New law provides that should any errors in benefit calculations be discovered through an audit conducted in 2011, the errors shall be addressed pursuant to existing law and new law, prospectively, and in the following manner:

- (1) For members hired on 9/23/70, 6/21/79, 7/9/57, 1/3/59, and 6/28/61, whose retirement eligibility erroneously included unused sick leave toward service credit, the use of such leave shall be allowed.
- (2) For members hired on 8/29/1990 and 4/4/94, who were over the permissible age for membership in HPRS, such members shall continue to be allowed as members of HPRS.
- (3) For members hired on 7/1/47, 11/8/56, 7/9/57, 1/3/59, 6/28/61, 2/20/67, 7/3/68, 12/2/68, 1/2/69, 3/25/69, 4/21/69, 6/21/69, 10/4/69, 11/15/69, 9/23/70, and others, who were granted military service credit without paying for such credit, the use of such credit shall be allowed.
- (4) Act 484 of the 1985 Regular Legislative Session provided for an increase in accrual rate from 3% to 3.33%. The Act provided that the increase shall be effective upon the board's approval. The board never approved such increase. New law provides that such increase shall be applied as though properly adopted by the board of trustees for all members employed on July 1, 2011, and all persons retired as of such date.
- (5) The increase to 3.33% and an increase in 1975 from 2.5% to 3% were implemented without guidance as to whether the increases were for future *and* past service. New law provides that the increases shall be applicable to all service.
- (6) Any cumulative net overpayment error shall be forgiven and any cumulative net underpayment error shall be paid entirely in a lump sum.
- (7) For members hired on 3/27/68, 7/3/68, 12/3/68, 6/28/61, 3/30/71, 4/5/67, 3/25/60, 9/29/66, 9/23/70, 12/2/68, 7/28/69, 7/8/71, 6/21/69, 11/8/56, and 10/4/69 who transferred into HPRS at an accrual rate of 2.5% and were granted an accrual rate of 3% or 3.33%, the higher percentage shall be allowed.

New law provides that the adjustments permitted under new law shall cease to be effective on July 1, 2012.

Effective July 1, 2011.

(Amends R.S. 11:185(C), 3685.1(A)(2) and (B)(2)(a), 3685.2(B) and (C), 3688(A)(8), (9), (10), and (11), (B), (C), and (D), 3690, and 3695; Adds R.S. 11:185(D), 3685.2(D) and (E), 3688(A)(12) and (E), 3696, 3697, and 3698; Repeals R.S. 11:3694)